

Mr. Harry Stoller
Illinois Commerce Commission

Subject: Public Comment Concerning the Implementation of Governor
Blagojevich's proposal for a Sustainable Energy Plan for Illinois – Input
on CHP for the ENERGY EFFICIENCY PORTFOLIO STANDARD

Dear Mr. Stoller,

Per the request made for public comment, I am writing as the Chair of the Midwest Combined Heat and Power (CHP) Initiative to provide comments and views on how to implement the Energy Efficiency Portfolio Standard for Illinois.

The MW CHP INITIATIVE is an ad-hoc coalition of over 40 companies in the Midwest formed to remove marketplace barriers and accelerate clean Combined Heat and Power (CHP) deployment to improve energy efficiency, the environment, and better improve the diversification and reliability of our future energy infrastructure. The MW CHP Initiative works hand in hand with the MW CHP Application Center, a US DOE funded Education and Outreach organization, and members of the Midwest Cogeneration Association to achieve these objectives. Illinois participants in the Initiative have included the Delta Institute, Enercon Engineering, the Energy Resource Center of the University of Illinois at Chicago, the Environmental Law and Policy Center of the Midwest, Equity Office Properties, the Gas Technology Institute, the Illinois Department of Commerce and Economic Opportunity, and Peoples Energy – other influencers include the US DOE, Chicago Regional Office, and the U.S EPA – Headquarters and Region 3. Due to the short time frame required for this comment period, I am submitting these comments as the Chair of the Initiative, however, this does not represent concurrence of all the above noted parties. If you would like, I can circulate the points of this letter to gain the support of over thirty CHP industry participants in Illinois.

First and foremost, I am encouraged that Illinois is taking the initiative in developing an Energy Efficiency Portfolio Standard – this step can only produce positive results for the citizens and businesses of Illinois as we work for an Energy future that is more economical, reliable, better for the environment, and less dependent on foreign sources of oil. As part of this standard, we anticipate that Combined Heat and Power (CHP) or Recycled Energy will be a major component of the State's (and its' utilities) ability to meet Energy Efficiency goals. As you know, CHP is well addressed in the Illinois Energy Policy as both a reliable supply of energy and as a demand management program.

CHP, or Recycled Energy can and should be an important part of the State's future energy mix. Through its unmatched ability to capture and recycle the heat that is normally lost in the process of generating electricity, or in an industrial process, CHP can more than double energy efficiency. Used properly, CHP can bridge the gap between traditional and renewable energy sources. This commercially ready, proven technology is already installed in hospitals, universities, office buildings, and manufacturing facilities in Illinois and throughout the world. It's importance to our future Energy needs is noted

by CHP's prominence in our National Energy Policy, our Illinois State Energy Policy, and the Chicago Energy Plan.

Regarding your question on "...the most effective way to implement these standards and attain the stated goals..." I offer the following two items for your consideration for the Energy Efficiency Portfolio Standard for Illinois:

1. The attached document "Comments of the American Council for an Energy-Efficient Economy (ACEEE): Senate Energy Committee Hearing on Power Generation Resource Incentives and Diversity Standards, March 8th, 2005". Though written to establish energy efficiency as a power generation resource in national legislation in Washington, D.C, this recent document provides details on a market based system of tradable credits for Energy Efficiency, including measurement and verification (M&V) provisions. As opposed to having the Department of Energy administer the standard, I suggest that you consider assigning these duties to the Illinois Department of Commerce and Economic Opportunity, who's personnel are well versed in Energy Efficiency means and technologies. The ACEEE comments also provides data that demonstrates the benefits of an Energy Efficiency Portfolio Standard and references key State efforts in Texas and Pennsylvania, as well as national efforts.
2. Energy Efficiency Roadmap Workshop or series of Workshops and Follow-up: It is recommended that, through the Department of Commerce and Economic Opportunity, the state hold a workshop of series of workshops with key industry stakeholders that will identify the necessary actions to meet the State's EE goals. Such workshops have proven to be an effective method in developing approaches to meet regional and national energy goals, and can also serve to foster cooperative relationships and teamwork between all stakeholders. As a result of the workshop, a Steering Committee should be developed that meets quarterly to check on the status of key actions and progress towards the state goals.

I appreciate the opportunity to provide input to the Illinois Commerce Commission on this very important issue. I am encouraged by the forward-thinking nature of these efforts and look forward to working with you further as we work to implement these standards for Illinois. If possible, please copy me on public correspondence related to the implementation of this standard. Thank you for your time.

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